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Timor aid to put seal on takeover

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By TIM COLEBATCH, Canberra

Australia and Indonesia have begun talks to establish an Australian foreign-aid program in East Timor, sealing Australian acceptance of the Indonesian military takeover.

Australia's ambassador to Indonesia, Mr Phillip Flood, said that the countries were discussing a long-term program of direct Australian aid to the province, which was invaded and annexed by Indonesia after it declared independence from Portugal in 1975.

Officials said later that the talks were aimed at creating a program in which Australia would spend up to $5 million a year to bring roads and dams to Timorese villages, train people in cattle farming, halt environmental damage, and improve health and education.

Addressing the National Press Club in Canberra on Thursday, Mr Flood said the problems in East Timor were increasingly economic ones. Its Indonesian-built schools turned out young people with high expectations, which were then frustrated by the lack of jobs.

"The primary task for Australian policy towards East Timor is to find the most practical and effective means of raising the basic living standards of the East Timorese, and to assist the province to recover from the events of the recent past, and from the historical problems of a lack of development," Mr Flood said.

In recent years, Australia has given $5.5 million for local health programs in East Timor through Unicef's Mother and Child project and the International Committee of the Red Cross. But it began bilateral aid only recently, in response to Indonesian requests, with a $100,000 pilot project for community-based agricultural programs.

"We are currently discussing with Indonesian authorities a much more extensive long-term program in agriculture, including infrastructure development and training," Mr Flood said. Such a program would be modelled on a grass-roots village development run by the Australian International Development Assistance Bureau just across the border in West Timor.

The West Timor program is one of Australia's largest foreign-aid projects. A senior bureau official said that $30 million to $40 million had been spent to improve life for rural communities.

Mr Flood also appealed for Australian business to look to East Timor, and Indonesia generally, as an investment opportunity. While companies like CRA and Renison had established mines in Indonesia, Australian manufacturers were ignoring a next-door economy with enormous growth potential.

"At current growth rates of six per cent, Indonesia's GDP will be almost $200 billion by the year 2000. In the 21st Century, Indonesia will be by today's standards a massive and wealthy market. Now is the time for business to take it more seriously."

Mr Flood said 6500 Indonesian students were studying in Australia, a rapid rise over the past year. Most of them were here at their own expense.